

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA : **DATE FILED : 12/14/04**

v. : **CRIMINAL NO. 04-790**

KAREN RICK : **VIOLATION : 18 U.S.C. § 1341**
(mail fraud - 4 counts)
18 U.S.C. § 1343
(wire fraud - 4 counts)
18 U.S.C. § 1344
(bank fraud - 4 counts)
Notice of additional
factors

INDICTMENT

COUNTS ONE THROUGH FOUR

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

1. Defendant KAREN RICK lived in Berks County, Pennsylvania.
2. “eBay” was an Internet-based company which operated a commercial interactive online auction house, in which eBay acted as a broker between sellers of items and potential buyers. Although a seller and a buyer were put in contact with each other through eBay, the finalization of the transaction, including payment for and delivery of the item, was arranged by the buyers and the sellers.
3. Defendant KAREN RICK listed merchandise for sale on eBay using the screen name of “Blautagfalter” and an e-mail address of “bestbrandsnprice@aol.com.”
4. PayPal was an internet-based company which provided a service allowing buyers

to pay sellers by using a credit card or direct withdrawal from a bank account. When a buyer and seller agreed to use PayPal to pay for an item purchased via internet auction, the buyer would pay PayPal by credit card or through a bank account credit, and PayPal would then credit the seller's PayPal account with the amount of the auction purchase, either by sending a check through the mail or by direct transfer from PayPal's bank to the seller's bank, as elected by the seller.

5. Defendant KAREN RICK caused K.T., a person known to the grand jury, to open a PayPal account in K.T.'s name to accept payments for items purchased through defendant RICK's Blautagfalter eBay account.

6. Defendant KAREN RICK caused K.T. to open an account at the Commerce Bank to accept payments from PayPal for items purchased through defendant RICK's Blautagfalter eBay account, which K.T. opened at the Reading, Pennsylvania, branch on or about August 18, 2003, as account number *****8685.

THE SCHEME

7. From in or about early September 2003, to in or about late September 2003, defendant

KAREN RICK

devised and intended to devise a scheme to defraud, and to obtain money and property by means of false and fraudulent pretenses, representations and promises, from individuals seeking to purchase merchandise through the Internet via eBay.

It was part of the scheme that:

8. In or about September 2003, defendant KAREN RICK offered various

merchandise for sale on eBay through the Blautagfalter account, including designer watches, Tommy Hilfiger clothing and designer boots.

9. From on or about September 7, 2003, through on or about September 15, 2003, defendant KAREN RICK accepted winning bids from eBay users for items which she had posted for auction on eBay, and instructed the purchasers to pay for the items through PayPal, or by sending a check or money order to various addresses designated and controlled by defendant RICK.

10. From on or about September 7, 2003, through on or about September 15, 2003, four identified purchasers sent to defendant KAREN RICK at addresses designated by defendant RICK cashier's checks or money orders totaling approximately \$1,705.00 as payment for items that they purchased from RICK's Blautagfalter eBay account.

11. Defendant KAREN RICK failed to send any merchandise to the four victims who paid for the merchandise by sending defendant RICK cashier's checks or money orders.

12. On or about the dates listed below, in the Eastern District of Pennsylvania and elsewhere, defendant

KAREN RICK,

for the purpose of executing this scheme, and attempting to do so, knowingly caused to be delivered by United States mail and commercial carrier according to the directions thereon, as indicated below, to K.T. at P.O. Box 262, Birdsboro, Pennsylvania, 19508, or to K.T. at a certain address in the 1200 block of Dauphin Place in Birdsboro, Pennsylvania, 19508, cashier's checks

and money orders from the following victims, which represented payment for merchandise ordered from defendant RICK'S Blautgaflater eBay account.

Count	Date	Victim	Amount	From	Carrier
1	9/10/03	S.R.	\$49.00	California	U.S. mail
2	9/13/03	T.D.	\$410.00	Georgia	U.S. mail
3	9/13/03	J.V.	\$522.00	California	Fed. Express
4	9/15/03	L.S.	\$1242.99	New Jersey	U.S. mail

All in violation of Title 18, United States Code, Section 1341.

COUNTS FIVE THROUGH EIGHT

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 8 of Counts One through Four are realleged here.
2. From on or about September 7, 2003, through on or about September 15, 2003, defendant KAREN RICK caused 16 purchasers to use the PayPal service to pay for items that they purchased from defendant RICK's Blautagfalter eBay account, which caused PayPal to transfer a total of \$6,200 to the Commerce Bank account of K.T. as directed by defendant RICK.
- 3 Defendant KAREN RICK failed to send any merchandise to the 16 victims who paid for the merchandise through PayPal.
4. On or about the dates listed below, in the Eastern District of Pennsylvania and elsewhere, defendant

KAREN RICK,

for the purpose of executing the scheme, caused to be transmitted by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures or sounds, that is, caused wire transfers of funds from a bank holding funds for PayPal to the Commerce Bank account of K.T.:

Count	Date	Amount	From	To
5	9/9/03	\$600.00	Minneapolis, MN	Reading, PA
6	9/10/03	\$400.00	Minneapolis, MN	Reading, PA
7	9/11/03	\$1,250.00	Minneapolis, MN	Reading, PA
8	9/14/03	\$3,950.00	Minneapolis, MN	Reading, PA

All in violation of Title 18, United States Code, Section 1343.

COUNT NINE

THE GRAND JURY FURTHER CHARGES THAT:

1. At all times material to this indictment, the Fulton Bank was a financial institution organized and operating under the laws of the United States whose deposits were insured by the Federal Deposit Insurance Corporation.

2. In or about 2003, defendant KAREN RICK maintained an account with the Leesport Bank, which account was closed on or about October 20, 2003.

3. In or about July 2004, in the Eastern District of Pennsylvania and elsewhere, defendant

KAREN RICK

knowingly executed and attempted to execute a scheme to defraud a federally insured financial institution, and to obtain monies owned by and under the care, custody, and control of the Fulton Bank by means of false and fraudulent pretenses, representations, and promises.

THE SCHEME

It was part of the scheme that:

4. On or about July 1, 2004, defendant KAREN RICK opened an account with the Fulton Bank at its branch in Shillington, Pennsylvania, with a \$50 deposit.

5. On or about July 2, 2004, defendant KAREN RICK deposited into her Fulton Bank account at the Shillington branch check no. 617 in the amount of \$3,550 made payable to "Karen Rick," which was drawn on her closed account with the Leesport Bank, knowing that the account was closed and that there were no funds to cover the check, and immediately withdrew \$500 from the Fulton Bank account.

6. On or about July 3, 2004, defendant KAREN RICK withdrew \$2,500 from her Fulton Bank account through a check withdrawal at the Fulton Bank branch in Wyomissing, Pennsylvania.

7. On or about July 6, 2004, defendant KAREN RICK deposited into her Fulton Bank account at its branch in Exeter, Pennsylvania, check no. 613 in the amount of \$1,200 made payable to "Karen Rick," which was drawn on her closed account with the Leesport Bank, knowing that the account was closed and that there were no funds to cover the check, and immediately withdrew \$500 from the Fulton Bank account.

All in violation of Title 18, United States Code, Section 1344.

COUNT TEN

THE GRAND JURY FURTHER CHARGES THAT:

1. At all times material to this indictment, the Wachovia Bank N.A. (“Wachovia Bank”) was a financial institution organized and operating under the laws of the United States whose deposits were insured by the Federal Deposit Insurance Corporation.

2. In or about 2003, defendant KAREN RICK maintained an account with the Leesport Bank, which account was closed on or about October 20, 2003.

3. In or about October 2004, in the Eastern District of Pennsylvania and elsewhere, defendant

KAREN RICK

knowingly executed and attempted to execute a scheme to defraud a federally insured financial institution, and to obtain monies owned by and under the care, custody, and control of the Wachovia Bank by means of false and fraudulent pretenses, representations, and promises.

THE SCHEME

It was part of the scheme that:

4. On or about October 7, 2004, defendant KAREN RICK opened, and aided and abetted the opening of, an account with the Wachovia Bank at a branch in Reading, Pennsylvania, under the name of a person known to the grand jury and identified here as “J.R.” with a \$50 deposit.

5. On or about October 8, 2004, defendant KAREN RICK deposited, and aided and abetted the depositing, into the Wachovia Bank account of J.R. at a branch in Reading, Pennsylvania, check no. 567 in the amount of \$2,659.32 made payable to J.R., which was drawn

on defendant RICK'S closed account with the Leesport Bank, knowing that the account was closed and that there were no funds to cover the check, and immediately withdrew, and aided and abetted the withdrawal of, \$1,500 from the Wachovia Bank account.

6. On or about October 9, 2004, defendant KAREN RICK deposited, and aided and abetted the depositing, into the Wachovia Bank account of J.R. at a branch in Reading, Pennsylvania, check no. 568 in the amount of \$1,688.00 made payable to J.R., which was drawn on defendant RICK's closed account with the Leesport Bank, knowing that the account was closed and that there were no funds to cover the check, and immediately withdrew, and aided and abetted the withdrawal of, \$1,400 from the Wachovia Bank account.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT ELEVEN

THE GRAND JURY FURTHER CHARGES THAT:

1. At all times material to this indictment, the Harleysville National Bank and Trust Company (“Harleysville Bank”) was a financial institution organized and operating under the laws of the United States whose deposits were insured by the Federal Deposit Insurance Corporation.

2. In or about 2003, defendant KAREN RICK maintained an account with the Leesport Bank, which was closed on October 20, 2003.

3. Defendant KAREN RICK opened an account in the name of a person known to the grand jury and identified here as J.R. with the Wachovia Bank N.A. on or about October 7, 2003, which account was closed on or about October 9, 2003.

4. In or about October 2004, in the Eastern District of Pennsylvania and elsewhere, defendant

KAREN RICK

knowingly executed and attempted to execute a scheme to defraud a federally insured financial institution, and to obtain monies owned by and under the care, custody, and control of the Harleysville Bank by means of false and fraudulent pretenses, representations, and promises.

THE SCHEME

It was part of the scheme that:

5. On or about October 22, 2004, defendant KAREN RICK opened an account with the Harleysville Bank at its branch in Pottstown, Pennsylvania in the name J.R. with a \$40 deposit.

6. On or about October 22, 2004, defendant KAREN RICK deposited into the Harleysville Bank account of Judith Rick check no. 1098 in the amount of \$1,356 made payable to “KAREN RICK,” which was drawn on J.R.’s closed account with the Wachovia Bank, knowing that the account was closed and that there were no funds to cover the check.

7. On or about October 23, 2004, defendant KAREN RICK withdrew \$140 from the Harleysville Bank account of J.R. by presenting check no. 94 written on the Harleysville account and made payable to “KAREN RICK.”

8. On or about October 23, 2004, defendant KAREN RICK withdrew \$420 from the Harleysville Bank account of J.R. by presenting check no. 93 written on the Harleysville account and made payable to J.R.

9. On or about October 25, 2004, defendant KAREN RICK deposited into the Harleysville Bank account of J.R. check no. 572 in the amount of \$2,700 made payable to “KAREN RICK,” which was drawn on defendant RICK’s closed account with the Leesport Bank, knowing that the account was closed and that there were no funds to cover the check.

10. On or about October 25, 2004, defendant KAREN RICK withdrew \$200 from the Harleysville Bank account of J.R. by presenting check no. 97 written on the Harleysville account and made payable to J.R.

11. On or about October 25, 2004, defendant KAREN RICK withdrew \$650 from the Harleysville Bank account of J.R. by presenting check no. 95 written on the Harleysville account and made payable to “KAREN RICK.”

12. On or about October 27, 2004, defendant KAREN RICK withdrew \$1,900 from the Harleysville Bank account of J.R. by presenting check no. 98 written on the Harleysville account and made payable to J.R.

All in violation of Title 18, United States Code, Section 1344.

COUNT TWELVE

THE GRAND JURY FURTHER CHARGES THAT:

1. At all times material to this indictment, the Leesport Bank was a financial institution organized and operating under the laws of the United States whose deposits were insured by the Federal Deposit Insurance Corporation.

2. In or about 2003, defendant KAREN RICK maintained an account with the Leesport Bank, account number *****7018, which was closed on or about October 20, 2003.

3. From in or about March 2004 through in or about July 2004, in the Eastern District of Pennsylvania and elsewhere, defendant

KAREN RICK

knowingly executed and attempted to execute a scheme to defraud a federally insured financial institution, and to obtain monies owned by and under the care, custody, and control of the Leesport Bank by means of false and fraudulent pretenses, representations, and promises.

THE SCHEME

It was part of the scheme that:

4. Defendant KAREN RICK presented to various merchants approximately 17 checks totaling approximately \$1,546.21, written on defendant RICK's closed Leesport Bank account, knowing that the account was closed and that there were no funds to cover these checks, and causing the merchants to sustain a loss in the face amount of the fraudulent checks:

5. Defendant KAREN RICK presented to two merchants counterfeit checks written on a fictitious account with the Leesport Bank, bearing account no. *****2065, which account did not exist, knowing that the checks were counterfeit and would not be honored, and causing

the merchants to sustain a loss in the face amount of the checks.

6. Defendant KAREN RICK presented to the merchants identified below the following fraudulent checks written on defendant RICK's closed account with the Leesport Bank:

Date	Amount	Check No.	Payee
3/17/04	\$127.00	518	Tony's Appliance Repair
4/10/04	\$25.00	522	Pizza Hut
5/?/04	\$116.60	598	Gator Chem Dry
5/3/04	\$38.00	592	Lifetouch
5/3/04	\$38.00	593	Lifetouch
5/20/04	\$158.50	597	Larkin
5/20/04	\$150.00	596	Larkin
5/25/04	\$413.10	601	Larkin
6/8/04	\$24.70	591	Weis
6/9/04	\$51.31	600	Weis
6/10/04	\$60.60	603	Weis
6/10/04	\$97.41	604	Weis
6/13/04	\$68.32	607	Weis
6/17/04	\$48.90	608	Weis
6/17/04	\$73.67	609	Weis
6/22/04	\$17.10	610	Weis
undated	\$38.00	594	Lifetouch

All in violation of Title 18, United States Code, Section 1344.

NOTICE OF ADDITIONAL FACTORS

THE GRAND JURY FURTHER CHARGES THAT:

1. In committing the offense charged in Counts 1 through 8 of this indictment,
defendant KAREN RICK:

a. Committed an offense involving 10 or more victims, as described in
U.S.S.G. § 2B1.1(b)(2)(A).

2. In committing the offenses charged in Counts 9 through 12 of this indictment,
defendant KAREN RICK:

b. Committed an offense in which the loss exceeded \$10,000.00 as described
in U.S.S.G. § 2B1.1(b)(1)(A).

A TRUE BILL:

FOREPERSON

PATRICK L MEEHAN
United States Attorney